

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1436
ANSWERED ON:16.07.2004
CREDIT DEPOSIT RATIO
Reddy Shri S.P.Y.

Will the Minister of FINANCE be pleased to state:

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- (a) the credit-deposit (CD) ratio of Public Sector Banks during the last three years. State-wise and bank-wise;
- (b) whether all Public Sector Banks have been following the stipulated RBI guidelines with regard to minimum CD ratio;
- (c) if so, the details thereof;
- (d) whether CD ratio of Public Sector Banks has remained stagnant and not increased appreciably during the last three years;
- (e) if so, the reasons therefor; and
- (f) the remedial measures taken by RBI to increase the CD ratio of all Public Sector Banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

- (a): The state wise and bank wise details of the CD Ratio of the Public Sector Banks (PSBs) during the last three years, as reported by Reserve Bank of India are at Annexure I & II, respectively.
- (b) & (c): Yes, Sir. While RBI has been advising all PSBs to achieve a CD Ratio of 60% on all India basis. However, so far only Bank of India, Corporation Bank, State Bank of Indore, State Bank of Mysore and State Bank of Patiala could reach the above target during the year 2003-04.
- (d): The CD ratio of all the PSBs during the last three years has been slightly varying which for the last 3 years as on March 31, 2001, 2002 & 2003 was 56.96%, 58.51% and 56.38%, respectively.
- (e) & (f): CD ratio of the Banks and the States depends upon the flow of credit to the States which in turn depends upon factors such as availability of adequate infrastructure facilities, development of core sector projects, large and medium industries entrepreneurial initiative, credit capacity of the state, conducive atmosphere for investment and satisfactory recovery position of Banks' dues. Further, initiative in this regard also lies with the State Governments to create a climate conducive to the enhancement of credit flow in the State. Instructions have also been issued from time to time to regularly monitor the CD ratio of the State and the Banks functioning there in the State level Bankers' Committee Meetings.